

PUBLIC NOTICE
TAX INCREMENT FINANCING
CITY OF BURLINGTON
DOWNTOWN TAX INCREMENT FINANCING DISTRICT

This Public Notice is prepared by the City of Burlington to provide certain information to the public relating to the proposed ballot question seeking authorization to pledge the credit of the City to borrow, to finance, or otherwise pay for improvements within the City's Downtown TIF District using tax increment financing (TIF). If approved by the voters, the City expects to use tax increment revenues from within the Downtown TIF District in order to pay for the indebtedness and direct and related costs for the improvements. This notice is intended to provide the voters with additional information concerning the proposed projects, the improvements to be made, the terms of indebtedness to be incurred, the related costs that may be incurred by the City, and the expected source of payment for such indebtedness and direct and related costs.

WARNING and PUBLIC VOTE

The City Council at its January 12, 2015 meeting passed a resolution relating to "March 3, 2015 Annual City Meeting – Pledging the Credit of the City to Secure Indebtedness for Public Improvements Within the Downtown TIF District." By resolution, the City Council requested that the following question be placed on the ballot at the March 4, 2014 Annual City Meeting:

"Shall the City Council be authorized to pledge the credit of the City to secure indebtedness or make direct payments for the purpose of funding one or more public improvements and related costs attributable to projects serving the Downtown Tax Increment Financing (TIF) District, specifically:

the improvements; and with the further understanding that the City may utilize more than the statutory minimum requirement of 75 % of all municipal increment, up to and including 100 % of same, in meeting the financial obligations of the district?"

FINANCING OF PUBLIC IMPROVEMENTS – INDEBTEDNESS

Subject to the receipt of necessary voter approvals, the City intends to finance these public improvements principally by the issuance of bonds or notes, in one or more instances, for a total principal amount not exceeding \$10 million. Issuance of the bonds, notes or other evidence of indebtedness will be subject to City Council authorization. The City would issue these bonds or notes through either a competitive or negotiated sale or may seek to sell the bonds or notes through the Vermont Municipal Bond Bank, as may be determined by the City Council. The terms of repayment would not exceed twenty years and the interest rate would be determined based upon market conditions at the time of incurring such debt. interest to do so.

PROJECTED TAX INCREMENT REVENUES

The City estimates that the Tax Increment Revenue from the Downtown TIF District will be sufficient to pay the costs of the proposed improvements and the related costs of the projects, and the repayment of any indebtedness incurred to finance the improvements. The forecasts are dependent upon the expected development that will occur in the Downtown TIF District. The projections presented to the City Council, as well as the memo which accompanied it, are attached to this notice. The projections are based on assumptions and expectations that the City believes to be reasonable. There is no guarantee, however, that such development will occur or occur in the time frame currently expected.

improvements or they can be related to the City's overall implementation and administration of its TIF district.

The following are expected "related costs" to be paid from TIF Revenues:

(i) the City's costs in complying with the State audits and reporting requirements as may be required by the TIF statutes;

(ii) reimbursement for the City's allocable costs and expenses which already incurred and paid by creating the Downtown TIF District, including reimbursement of such costs for same as were paid to outside consultants, and also including reimbursement of departmental or personnel costs identified as related to creating or administering the Downtown TIF District;

(iii) reimbursement for the City's allocable costs and expenses which were already incurred and paid by the City, including reimbursement of departmental or personnel costs identified as related to creating or administering the Downtown TIF District.

(iv) the City's allocable costs and expenses in the years ahead for the administration of its Downtown TIF District and the projects identified herein; including departmental or personnel costs identified as relating to creating or administering the Downtown TIF District.

(v) those allocable related costs attributable to the individual projects identified herein as approved by City Council in the applicable debt authorizations issued for the respective projects.

The City expects to utilize up to \$378,000 of TIF Revenues in order to cover these related costs. It is understood that if related costs exceed that amount, City Council may need to adjust budget allocations so as not to exceed the requested authorization of \$10 million in indebtedness for public improvements within the TIF District.

- Public Accessibility Improvements;
- Preparation of Street Design guidelines associated with the projects;
- Bike Amenities; Public Amenities; Public Art and Place-making; Wayfinding and signage;
- Engineering, Design, and Permitting (including Historic Preservation if needed) ;
- Surveying;
- General Site work (including site preparation and stabilization);
- Landscape Improvements; Walls and Stonework;
- Road, sidewalk, crosswalk, lighting, landscaping and parking infrastructure;
- Intersection signalization for all modes;
- Garage reconstruction and improvements (decks, lighting access, signage and technology);

and eligible related costs associated with the above categories, or as attributable to the projects generally where permitted for inclusion as eligible related costs for administration of the Downtown TIF District.

PLEDGE OF THE CREDIT OF THE CITY

Although the City projects sufficient TIF increment to service all obligations of the City authorized by the March 3, 2015 ballot question referenced herein, voters are reminded that, by approving the ballot question, the City Council will be authorized to pledge the credit of the City for the indebtedness and obligations incurred for the improvements within such Downtown TIF District. If the tax increment received by the City from within the Downtown TIF District is insufficient to pay the principal and interest on the debt in any year, for whatever reason, including a decrease in property tax or repeal of a state property tax source, unless otherwise determined at the time of such repeal, the City shall remain liable for payment of the principal and interest for these obligations for the term of indebtedness until fully paid.



COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

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www.burlingtonvt.gov/cedo

MEMO

January 9, 2015

To: Board of Finance and City Council
From: Peter Owens, CEDO Director
CC: Bob Rusten, CAO; Richard Haesler, City Attorney; Mayor's Office
RE: **Downtown TIF District Ballot Question for March 3, 2015 Annual City Meeting.**

I respectfully request the Board of Finance to recommend City Council approval of the resolution authorizing the placement of the above referenced item on the March 3, 2015 annual City meeting ballot. I further request that the full City Council approve the same.

As background to the resolution, please recall that we received your approval this past November to proceed with a Downtown TIF District phased filing before the Vermont Economic Progress Council (VEPC). We did so at their December 17, 2014 meeting. Our phased filing, which was unanimously approved, included some \$20 million of TIF public improvements. At this point in time, we are prepared to ask the voters to approve the City's proposed investment of up to \$10 million of those TIF public improvements and related costs supporting development projects within the District (Eagle's Landing, Hilton Garden, Stratos, 151-157 S Champlain, et al).

Specifically these improvements include:

- (a) Main Street Improvements between Church Street and Pine Street including streetscape, stormwater, utility lighting and transportation upgrades.
- (b) St Paul Street Improvements between Maple Street and Main Street including streetscape, stormwater, utility, lighting and transportation.
- (c) Brownfield remediation on Brown's Court parcel related to preparation of site for redevelopment.
- (d) Marketplace Garage Improvements and repairs as a supplement to additional funding sources for this project.
- (e) Costs pertaining to eligible related costs incurred by the City for the creation, implementation and administration of the Downtown TIF District.

The financing model (*1-9-14 DT_TIFCapacity_City_Council.xls*) has been reviewed by a variety of people including the Clerk Treasurer's office and all concur that the anticipated increment will be sufficient to pay off the debt using very conservative financial assumptions.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
1	4% Bond for Downtown TIF																	
2			*The figures in this spreadsheet document are subject to review and approval of CAO's office and the City Attorney's office, with review from Bond Counsel															
3																		
4			NOTE: All projected revenues are 75% of projected tax revenue, for both City and State															
5																		
6	Fiscal Year	Revenue from Previous Growth in TIF District(2011-FY2016)	Projected Revenue from Stratos (City)	Projected Revenue from Stratos (State)	Projected Revenue from Hilton Hotel (City)	Projected Revenue from Hilton Hotel (State)	Projected Revenue from 151-157 Champlain (City)	Projected Revenue from 151-157 Champlain (State)	Projected Revenue from Eagles (Champlain) (City)	Projected Revenue from Eagles (Champlain) (State)	Total Projected Revenue TIF Revenue	Related Costs (Administration and PM - CEDO - through FY 2015)	Total Projected Debt Payments	Annual Net Revenue (loss)				
7																		
8	2009	\$ -		\$ -			\$ -				\$ -				\$ -			
9	2010	-		-			-				-				-			
10	2011	-		-			-				-				-			
11	2012	-		-			-				-				-			
12	2013	-		-			-				-				-			
13	2014	-		-			-				-				-			
14	2015										-				-			
15	2016	279,061	12,598	27,204	63,977	142,418					525,258		\$ 384,421	140,837				
16	2017	288,204	12,724	28,837	64,616	148,115			103,733	237,780	884,008	128,100	\$ 384,421	371,487				
17	2018	297,700	12,851	30,567	65,263	154,040	12,264	29,059	104,771	247,291	953,805		\$ 384,421	569,384				
18	2019	307,564	12,979	32,401	65,915	160,201	12,387	30,513	105,818	257,182	984,962		\$ 789,971	194,991				
19	2020	317,811	13,109	34,345	66,574	166,609	12,511	32,043	106,876	267,470	1,017,349		\$ 789,971	227,378				
20	2021	321,631	13,240	35,032	67,240	168,276	12,636	32,528	107,945	270,144	1,028,672		\$ 789,971	238,701				
21	2022	325,497	13,373	35,732	67,913	169,958	12,762	33,020	109,025	272,848	1,040,126		\$ 789,971	250,155				
22	2023	329,410	13,506	36,447	68,592	171,658	12,890	33,521	110,115	275,574	1,051,712		\$ 789,971	261,741				
23	2024	333,369	13,641	37,176	69,278	173,375	13,019	34,030	111,216	278,330	1,063,433		\$ 789,971	273,462				
24	2025	337,376	13,778	37,919	69,970	175,108	13,149	34,547	112,328	281,113	1,075,290		\$ 789,971	285,319				
25	2026	341,432	13,916	38,678	70,670	176,859	13,280	35,074	113,451	283,925	1,087,285		\$ 789,971	297,314				
26	2027	345,536	14,055	39,451	71,377	178,628	13,413	35,609	114,586	286,764	1,099,419		\$ 789,971	309,448				
27	2028	349,689	14,195	40,240	72,090	180,414	13,547	36,154	115,732	289,631	1,111,694		\$ 789,971	321,723				
28	2029	353,892	14,337	41,045	72,811	182,218	13,683	36,707	116,889	292,528	1,124,111		\$ 789,971	334,140				
29	2030	358,146	14,481	41,868	73,540	184,041	13,820	37,270	118,058	295,453	1,136,674		\$ 789,971	346,703				
30	2031	362,451	14,626	42,704	74,275	185,881	13,958	37,842	119,239	298,408	1,149,382		\$ 789,971	359,411				
31	2032	366,808	14,772	43,558	75,018	187,740	14,097	38,425	120,431	301,392	1,162,239		\$ 789,971	372,268				
32	2033	371,217	14,919	44,429	75,768	189,617	14,238	39,017	121,635	304,406	1,175,246		\$ 789,971	385,275				
33	2034	375,679	15,069	45,317	76,526	191,513	14,381	39,619	122,852	307,450	1,188,404		\$ 789,971	398,433				
34	2035	380,194	15,219	46,224	77,291	193,428	14,525	40,231	124,080	310,524	1,201,717		\$ 789,971	411,746				
35	Total	3,137,624	131,800	335,660			101,617				21,060,787		14,582,770	6,349,917				
36																		
37																		
38		(Note: below two figures are "old" growth in district, not new projects)							Interest Only 1st 3 yrs									
39		100% of municipal tax currently going to GF, could now go to TIF =						115,335	Term (years)		20							
40		75% of municipal tax currently going to GF, which could now go to TIF =						86,501	Pmt Per Year		4							
41									Loan Amount		\$9,753,500							
42									rate		4%							
43		Year 2 (w/new projects) 100% allocation to GF =						211,283	Yearly Payment (1st 3 yrs)		\$384,421							
44		Year 2 (w/new projects) 75% allocation to GF =						164,014	Yearly Payment (last 17)		\$789,971							
45																		
46									total cost		\$14,582,770							
47		NOTE: The City has reserved the right to retain municipal increment above 75% for eligible TIF expenditures; for example, the \$150,000 expense to CEDO for TIF management shown on the related costs summary sheet																
48																		
49																		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	
1	5% Bond for Downtown TIF																		
2	*The figures in this spreadsheet document are subject to review and approval of CAO's office and the City Attorney's office, with review from Bond Counsel																		
3																			
4	NOTE: All projected revenues are 75% of projected tax revenue, for both City and State																		
5																			
6	Fiscal Year	Revenue from Previous Growth in TIF District(2011-FY2016)	Projected Revenue from Stratos (City)	Projected Revenue from Stratos (State)	Projected Revenue from Hilton Hotel (City)	Projected Revenue from Hilton Hotel (State)	Projected Revenue from 151-157 Champlain (City)	Projected Revenue from 151-157 Champlain (State)	Projected Revenue from Eagles (Champlain) (City)	Projected Revenue from Eagles (Champlain) (State)	Total Projected Revenue TIF Revenue	Related Costs (Administration and PM - CEDO - through FY 2015)	Total Projected Debt Payments	Annual Net Revenue (loss)					
7																			
8	2009	\$ -		\$ -			\$ -				\$ -				\$ -				
9	2010	-		-			-				-				-				
10	2011	-		-			-				-				-				
11	2012	-		-			-				-				-				
12	2013	-		-			-				-				-				
13	2014	-		-			-				-				-				
14	2015																		
15	2016	279,061	12,598	27,204	63,977	142,418					525,258		\$ 478,789	46,469					
16	2017	288,204	12,724	28,837	64,616	148,115			103,733	237,780	884,008	128,100	\$ 478,789	277,119					
17	2018	297,700	12,851	30,567	65,263	154,040	12,284	29,059	104,771	247,291	953,805		\$ 478,789	475,016					
18	2019	307,564	12,979	32,401	65,915	160,201	12,387	30,513	105,818	257,182	984,962		\$ 849,363	135,599					
19	2020	317,811	13,109	34,345	66,574	166,609	12,511	32,043	106,876	267,470	1,017,349		\$ 849,363	167,986					
20	2021	321,631	13,240	35,032	67,240	168,276	12,636	32,528	107,945	270,144	1,028,672		\$ 849,363	179,309					
21	2022	325,497	13,373	35,732	67,913	169,958	12,762	33,020	109,025	272,846	1,040,126		\$ 849,363	190,763					
22	2023	329,410	13,506	36,447	68,592	171,658	12,890	33,521	110,115	275,574	1,051,712		\$ 849,363	202,349					
23	2024	333,369	13,641	37,176	69,278	173,375	13,019	34,030	111,216	278,330	1,063,433		\$ 849,363	214,070					
24	2025	337,376	13,778	37,919	69,970	175,108	13,149	34,547	112,328	281,113	1,075,290		\$ 849,363	225,927					
25	2026	341,432	13,916	38,678	70,670	176,859	13,280	35,074	113,451	283,925	1,087,285		\$ 849,363	237,922					
26	2027	345,536	14,055	39,451	71,377	178,628	13,413	35,609	114,586	286,764	1,099,419		\$ 849,363	250,056					
27	2028	349,689	14,195	40,240	72,090	180,414	13,547	36,154	115,732	289,631	1,111,694		\$ 849,363	262,331					
28	2029	353,892	14,337	41,045	72,811	182,218	13,683	36,707	116,889	292,528	1,124,111		\$ 849,363	274,748					
29	2030	358,146	14,481	41,866	73,540	184,041	13,820	37,270	118,058	295,453	1,136,674		\$ 849,363	287,311					
30	2031	362,451	14,626	42,704	74,275	185,881	13,958	37,842	119,239	298,408	1,149,382		\$ 849,363	300,019					
31	2032	366,808	14,772	43,558	75,018	187,740	14,097	38,425	120,431	301,392	1,162,239		\$ 849,363	312,876					
32	2033	371,217	14,919	44,429	75,768	189,617	14,238	39,017	121,635	304,406	1,175,246		\$ 849,363	325,883					
33	2034	375,679	15,069	45,317	76,526	191,513	14,381	39,619	122,852	307,450	1,188,404		\$ 849,363	339,041					
34	2035	380,194	15,219	46,224	77,291	193,428	14,525	40,231	124,080	310,524	1,201,717		\$ 849,363	352,354					
35	Total	3,137,624	131,800	335,660			101,617				21,060,787		15,875,538	5,057,149					
36																			
37																			
38		(Note: below two figures are "old" growth in district, not new projects)							Interest Only 1st 3 yrs										
39		100% of municipal tax currently going to GF, could now go to TIF =						115,335	Term (years)				20						
40		75% of municipal tax currently going to GF, which could now go to TIF =						86,501	Pmt Per Year				4						
41									Loan Amount				\$9,753,500						
42		Year 2 (w/new projects) 100% allocation to GF =						211,283	rate				5%						
43		Year 2 (wnew /projects) 75% allocation to GF =						164,014	Yearly Payment (1st 3 yrs)				\$478,789						
44									Yearly Payment (last 17)				\$849,363						
45																			
46									Total payment				15,875,538						
47																			
48	NOTE: The City has reserved the right to retain municipal increment above 75% for eligible TIF expenditures; for example, the \$150,000 expense to CEDO for TIF management shown on the related costs summary sheet																		
49																			
50																			
51																			

Projected Increases in Tax Rates and Projected Revenue from Previous Growth in District
after 2020

Projected annual rate of increase in education tax rates "Non":	4.00%	1%
Projected annual rate of increase in education tax rates:	6.00%	2%
Projected annual rate of increase of municipal tax rate:	1.00%	

Year	Projected Non-homestead Education Tax Rate	Projected Homestead Education Tax Rate	Projected Municipal Tax Rate	Projected "Effective" Municipal Tax Rate for TIF District for previous growth*	Revenue from previous growth in district					
					New Increment Non-Homestead Property value (2% annual growth)	Homestead Property value	120% Factor	Base 75% New Formula Non-Homestead	75% New Formula Homestead	Tax Increment @75% for both state and city
2009	1.4560	1.1090	0.6700	0.4115						0
2010	1.5334	1.2394	0.7120	0.4415		0				0
2011	1.5390	1.2820	0.7200	0.7200		0				0
2012	1.5441	1.3019	0.7280	0.7280	0	0				0
2013	1.5684	1.4302	0.7153	0.7153	0	0				0
2014	1.6055	1.5257	0.7584	0.7584	0		0		0	0
2015	1.7187	1.6358	0.7950	0.7950	14,335,200		0		0	270,258
2016	1.7874	1.7339	0.8030	0.8030	14,363,870	0	0		0	279,061
2017	1.8589	1.8380	0.8110	0.8110	14,392,598	0	0		0	288,204
2018	1.9333	1.9483	0.8191	0.8191	14,421,383	0	0		0	297,700
2019	2.0106	2.0652	0.8273	0.8273	14,450,226	0	0		0	307,564
2020	2.0911	2.1891	0.8356	0.8356	14,479,127	0	0		0	317,811
2021	2.1120	2.2329	0.8439	0.8439	14,508,085	0	0		0	321,631
2022	2.1331	2.2775	0.8523	0.8523	14,537,101	0	0		0	325,497
2023	2.1544	2.3231	0.8609	0.8609	14,566,175	0	0		0	329,410
2024	2.1760	2.3695	0.8695	0.8695	14,595,308	0	0		0	333,369
2025	2.1977	2.4169	0.8782	0.8782	14,624,498	0	0		0	337,376
2026	2.2197	2.4652	0.8870	0.8870	14,653,747					341,432
2027	2.2419	2.5146	0.8958	0.8958	14,683,055					345,536
2028	2.2643	2.5648	0.9048	0.9048	14,712,421					349,689
2029	2.2870	2.6161	0.9138	0.9138	14,741,846					353,892
2030	2.3098	2.6685	0.9230	0.9230	14,771,329					358,146
2031	2.3329	2.7218	0.9322	0.9322	14,800,872					362,451
2032	2.3563	2.7763	0.9415	0.9415	14,830,474					366,808
2033	2.3798	2.8318	0.9509	0.9509	14,860,135					371,217
2034	2.4036	2.8884	0.9604	0.9604	14,889,855					375,679
2035	2.4277	2.9462	0.9701	0.9701	14,919,635					380,194
					100.20%		12,132,240			

*The figures in this spreadsheet document are subject to review and approval of CAO's office and the City Attorney's office, with review from Bond Counsel

Related Cost Name	Related Cost Description	Related Cost Amount	Fiscal Year Cost is Expected to be Incurred
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Fiscal Year First TIF Debt Incurred: 2016

Year in which Related Costs will be reimbursed (can't be reimbursed until begin retaining incremental tax-revenue)

[illegible]

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
\$0	\$0	\$0	\$0	\$0	\$59,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$1,600	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$42,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$150,000	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$278,100	\$0	\$0	\$0	\$0

NOTE: The City has reserved the right to retain municipal increment above 75% for eligible TIF expenditures; for example, the \$150,000 expense to CEDO for TIF management shown on the related costs summary sheet